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**From:** Zelinski, Andrea L <Andrea.Zelinski@chron.com>  
**Sent:** Monday, August 15, 2016 1:26 PM  
**To:** PublicInformation  
**Subject:** Question from the Houston Chronicle

Hello. Rep. Jessica Farrar said in a press conference that she wants the SAO to investigate the Health and Human Services Commission's issuing a \$1.6 million grant to the Heidi Group. Who would I talk to in order to get a response from the SAO's office?

Thanks,

Andrea Zelinski  
Reporter  
Houston Chronicle  
512-479-1419 (Austin)  
713-362-8419 (Houston)  
615-945-6414 (Cell)

a.andreazelinski

**HOUSTON CHRONICLE**

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**From:** Michael Stiernberg  
**Sent:** Monday, August 15, 2016 4:27 PM  
**To:** Media Call  
**Subject:** FW: Question from the Houston Chronicle

I called Ms Zelinski and told her that I could only speak on background, which she acknowledged. I told her that I could not comment on the representative's comments at the press conference.

She said she was new to Texas and asked how SAO determines what to audit and how the process works. I said that some audits are directed by the legislature and some audits are based on a risk assessment. She asked what I meant by risk assessment. I said that we consider a number of factors in determining whether to initiate an audit.

She asked about complaints. I said that we have a fraud hotline.

Mike

**From:** Angie Welborn  
**Sent:** Monday, August 15, 2016 1:29 PM  
**To:** Media Call <MediaCall@sao.texas.gov>  
**Subject:** FW: Question from the Houston Chronicle

We received this through the Public Information email address.

**From:** PublicInformation  
**Sent:** Monday, August 15, 2016 1:26 PM  
**To:** Angie Welborn <[Angie.Welborn@sao.texas.gov](mailto:Angie.Welborn@sao.texas.gov)>; Michael Reagor <[Michael.Reagor@sao.texas.gov](mailto:Michael.Reagor@sao.texas.gov)>; Amadeo Gonzales <[Amadeo.Gonzales@sao.texas.gov](mailto:Amadeo.Gonzales@sao.texas.gov)>  
**Subject:** FW: Question from the Houston Chronicle

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**From:** Zelinski, Andrea L  
**Sent:** Monday, August 15, 2016 1:26:13 PM (UTC-06:00) Central Time (US & Canada)  
**To:** PublicInformation  
**Subject:** Question from the Houston Chronicle

Hello. Rep. Jessica Farrar said in a press conference that she wants the SAO to investigate the Health and Human Services Commission's issuing a \$1.6 million grant to the Heidi Group. Who would I talk to in order to get a response from the SAO's office?

Thanks,

Andrea Zelinski  
Reporter  
Houston Chronicle  
512-479-1419 (Austin)  
713-362-8419 (Houston)  
615-945-6414 (Cell)

a.andreazelinski

**HOUSTON CHRONICLE**

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**From:** Cody Smith  
**Sent:** Thursday, August 18, 2016 2:04 PM  
**To:** Kelly Linder; Lisa Collier; Verma Elliott; John Young; Michael Stiernberg  
**Subject:** As Attached: Rep. Farrar letter requesting audit of HHS - Heith Texas Women 1.6M contract with Heidi Group  
**Attachments:** 08-18-2016\_13-56-52.pdf

# HOUSE OF REPRESENTATIVES

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JESSICA FARRAR  
DISTRICT 148

JESSICA.FARRAR@HOUSE.STATE.TX.US

August 16, 2016

COMMITTEES:

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STATE AUDITOR'S OFFICE

AUG 18 2016

RECEIVED

Lisa R. Collier  
State Auditor Office  
P.O. Box 12067  
Austin, TX 78711-2067

Re: Request for audit of Health and Human Service Healthy Texas Women \$1.6 million contract award to an affiliate of the Heidi Group

Dear Ms. Collier,

Please accept this letter as a formalization of my request that the State Auditor Office investigate the Health and Human Services Commission Healthy Texas Women Program \$1.6 million contract award to an affiliate of the Heidi Group.

My concerns regarding this \$1.6 million contract award include the following:

- The Heidi Group and its affiliate, at the time of the award, do not offer the array of medical services that are crucial to the Healthy Texas Women Program, such as well woman exams, family planning, and cancer screenings;
- The Heidi Group and its affiliate are unable to offer Texas women medical services at the time of the contract award as has been reported in the press;<sup>1</sup>
- The Heidi Group and its affiliate do not meet the best value contract criteria established in the Government Code nor in the State Procurement Manual including:
  - the quality and reliability of their services; and
  - the long term cost to the agency of awarding a contract to an entity, that does not offer medical services, fails to reflect the purpose and intent of the entire Healthy

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<sup>1</sup> Texas women's health program adds abortion opponent's group, PAUL J. WEBER, Associated Press, August 15, 2016. Accessed August 16, 2016 at: <http://kxan.com/2016/08/15/texas-womens-health-program-adds-abortion-opponents-group/>

Lisa R. Collier  
August 16, 2016  
Page 2

Texas Women Program, and could lead to increases in Medicaid costs either through undiagnosed cancer or Medicaid births.

- The recipient is an affiliate of a vocal and politically active pro-life group. Pro-life activists not only oppose abortion, but also oppose forms of reliable, medically acceptable contraception. This political position is contrary to the family planning purpose of the Healthy Texas Women Program.

In recent years, the Health and Human Services Commission has granted multiple state contracts that have raised the concern of legislators and have led to significant state contracting reforms.

I strongly believe that the \$1.6 million award to an affiliate of the Heidi Group raises serious financial and ethical concerns. In the interest of fiscal responsibility and government accountability, I ask the Office of the State Auditor to fully investigate the Healthy Texas Women contract award to an affiliate of the Heidi Group.

Respectfully,



Jessica Farrar  
State Representative, District 148

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**From:** Auditor  
**Sent:** Tuesday, August 23, 2016 9:10 AM  
**To:** Kelly Linder; Lisa Collier; Verma Elliott  
**Cc:** Angie Welborn; Jennifer Wiederhold  
**Subject:** FW: Healthy Texas Women Program grant funding

FYI. This message was received at the [auditor@sao.texas.gov](mailto:auditor@sao.texas.gov) email address.

**From:** Kevin Fincher [REDACTED]  
**Sent:** Monday, August 22, 2016 1:02 PM  
**To:** Auditor <[AUDITOR@sao.texas.gov](mailto:AUDITOR@sao.texas.gov)>  
**Subject:** Healthy Texas Women Program grant funding

I recently became aware that \$1.6 million in grant funding was awarded to a non-profit called the Heidi Group. After looking over the HHSC grant requirements and the past financials of the Heidi Group as well as the types of programs the non-profit operates I do not feel that the Heidi Group is capable of administering such a large grant.

According to the most recent IRS 990 forms for the Heidi Group as of 2014 they were operating at a deficit in terms of revenue versus expenses and have operated at a deficit over the past several years. This calls into question their capability to properly meet the HHSC guidelines for administering such a large grant.

Looking at the current programs operated by the Heidi Group they do not appear to have any experience operating programs that administer medical services to women. At best they appear to be a referral organization that provides information and referrals to other organizations which provide actual services. In addition to their lack of experience operating programs that provide medical services the organization operates with only a staff of 4. None of these staff members oversee health or medical related programs or services. It also looks as though none of the staff have experience with administering grant funding.

State funding for health programs is a precious resource and should be entrusted to organizations that have the proper experience, resources, staff and capability to administer that funding properly. I would ask that the State Auditor's Office review the decision made by the Health and Human Services Commission to award this grant funding to the Heidi Group.

Thank you,  
Kevin Fincher